

AMENDED IN SENATE MAY 6, 2014
AMENDED IN SENATE APRIL 9, 2014
AMENDED IN SENATE MARCH 26, 2014

SENATE BILL

No. 1455

Introduced by Senator DeSaulnier

February 21, 2014

An act to add Chapter 12.5 (commencing with Section 20020) to Part 11 of Division 1 of Title 1 of the Education Code, relating to financing a public library construction and renovation program by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California, and by providing for the handling and disposition of those funds.

LEGISLATIVE COUNSEL'S DIGEST

SB 1455, as amended, DeSaulnier. California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2016.

Existing law establishes the California Library Construction and Renovation Bond Act of 1988 and the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2000. Existing law authorizes the issuance of bonds, pursuant to the State General Obligation Bond Law, in the amount of \$72,405,000 in the 1988 bond act and in the amount of \$350,000,000 in the 2000 bond act, for the purpose of financing library construction and renovation.

This bill would enact the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2016, for submission to the voters at the 2016 statewide general

election. The bill, if approved by the voters, would authorize the issuance, pursuant to the State General Obligation Bond Law, of an unspecified amount of bonds for the purpose of financing library construction and renovation pursuant to a program administered by the State Librarian. The bill would require the State Librarian to prepare a comprehensive assessment on the statewide need for the new construction, renovation, and rehabilitation of public libraries and to submit a report to the Governor, the Department of Finance, the Legislative Analyst, and the appropriate policy and fiscal committees of the Legislature on or before August 15, 2015.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Chapter 12.5 (commencing with Section 20020)
2 is added to Part 11 of Division 1 of Title 1 of the Education Code,
3 to read:

4
5 CHAPTER 12.5. CALIFORNIA READING AND LITERACY
6 IMPROVEMENT AND PUBLIC LIBRARY CONSTRUCTION AND
7 RENOVATION BOND ACT OF 2016

8
9 Article 1. General Provisions

10
11 20020. This chapter shall be known, and may be cited, as the
12 California Reading and Literacy Improvement and Public Library
13 Construction and Renovation Bond Act of 2016.

14 20021. The Legislature finds and declares all of the following:

15 (a) Reading and literacy skills are fundamental to success in
16 our economy and our society.

17 (b) Public libraries are a vital part of the educational system.
18 They provide resources and services for all residents of California,
19 including preschoolers, out-of-school adults, senior citizens, at-risk
20 youth, and those attending schools at all levels.

21 (c) In many cases, libraries serve as a community's only public
22 point of access to resources for learning and by extension,
23 self-sufficiency.

24 (d) The construction and renovation of public library facilities
25 is necessary to expand access to reading and literacy programs in

1 the state public education system and to expand access to public
2 library services for all residents of California.

3 (e) The need for library facilities continues to grow. A 2007
4 needs assessment compiled by the California State Library found
5 that there is a need for over eight billion dollars (\$8,000,000,000)
6 in public library funding.

7 (f) In March 2000, California voters approved a bond measure
8 of three hundred fifty million dollars (\$350,000,000) for library
9 construction and renovation.

10 (g) Due to the overwhelming response by applicants, the
11 California Public Library Construction and Renovation Board was
12 forced to deny approximately 75 percent of all applications due to
13 lack of additional bond funding.

14 20022. As used in this chapter, the following terms have the
15 following meanings:

16 (a) “Board” means the California Public Library Construction
17 and Renovation Board of 2016 established pursuant to Section
18 20023.

19 (b) “Committee” means the California Library Construction
20 and Renovation Finance Committee established pursuant to Section
21 19972 and continued in existence pursuant to Section 20038 for
22 purposes of this chapter.

23 (c) “Fund” means the California Public Library Construction
24 and Renovation Fund of 2016 established pursuant to Section
25 20024.

26 20023. (a) The California Public Library Construction and
27 Renovation Board of 2016 is hereby established.

28 (b) The board is comprised of the State Librarian, the Treasurer,
29 the Director of Finance, an Assembly Member appointed by the
30 Speaker of the Assembly, a Senator appointed by the Senate
31 Committee on Rules, and two members appointed by the Governor.

32 (c) Legislative members of the board shall meet with, and
33 participate in, the work of the board to the extent that their
34 participation is not incompatible with their duties as Members of
35 the Legislature. For the purpose *purposes* of this chapter, Members
36 of the Legislature who are members of the board constitute a joint
37 legislative committee on the subject matter of this chapter.

Article 2. Program Provisions

20024. The proceeds of bonds issued and sold pursuant to this chapter shall be deposited in the California Public Library Construction and Renovation Fund of 2016, which is hereby established.

20025. All moneys deposited in the fund, except as provided in Section 20048, are continuously appropriated to the State Librarian, notwithstanding Section 13340 of the Government Code, and are available for grants to any city, county, city and county, or library district that is authorized at the time of the project application to own and maintain a public library facility for the purposes set forth in Section 20026.

20026. The grant funds authorized pursuant to Section 20025 and the matching funds provided pursuant to Section 20031 shall be used by the recipient for any of the following purposes:

(a) Acquisition or construction of new facilities or additions to existing public library facilities.

(b) Acquisition of land necessary for purposes of subdivision (a).

(c) Remodeling or rehabilitation of existing public library facilities or of other facilities for the purpose of their conversion to public library facilities. All remodeling and rehabilitation projects funded with grants authorized pursuant to this chapter shall include necessary upgrading of electrical and telecommunications systems to accommodate Internet and similar computer technology.

(d) Procurement or installation, or both, of furnishings and equipment required to make a facility fully operable if the procurement or installation is part of a construction or remodeling project funded pursuant to this chapter.

(e) Payment of fees charged by architects, engineers, and other professionals, whose services are required to plan or execute a project authorized pursuant to this chapter.

(f) Service charges if the services in question are required by the applicant jurisdiction to be provided by a public works or similar department, or by other departments providing professional services if the costs are billed directly to the project pursuant to this chapter.

1 20027. Grant funds authorized pursuant to Section 20025, or
2 matching funds provided pursuant to Section 20031, shall not be
3 used by a recipient for any of the following purposes:

- 4 (a) Books and other library materials.
- 5 (b) Administrative costs of the project, including, but not limited
6 to, the costs of any of the following:
 - 7 (1) Preparation of the grant application.
 - 8 (2) Procurement of matching funds.
 - 9 (3) Conduct of an election for obtaining voter approval of the
10 project.
- 11 (c) Except as set forth in this chapter, including, but not limited
12 to, Section 20046, interest or other carrying charges for financing
13 the project, including, but not limited to, costs of loans or
14 lease-purchase agreements in excess of the direct costs of any of
15 the authorized purposes specified in Section 20026.
- 16 (d) Ongoing operating expenses for the facility, its personnel,
17 supplies, or any other library operations.

18 20028. All construction contracts for projects funded in part
19 through grants awarded pursuant to this chapter shall be awarded
20 through competitive bidding pursuant to Part 3 (commencing with
21 Section 20100) of Division 2 of the Public Contract Code.

22 20029. This chapter shall be administered by the State
23 Librarian. The board shall adopt rules, regulations, and policies
24 for implementation of this chapter.

25 20030. A city, county, city and county, or library district may
26 apply to the State Librarian for a grant pursuant to this chapter as
27 follows:

- 28 (a) Each application shall be for a project for a purpose
29 authorized by Section 20026.
- 30 (b) An application shall not be submitted for a project for which
31 construction bids already have been advertised.
- 32 (c) The applicant shall request not less than five hundred
33 thousand dollars (\$500,000) per project.

34 20031. (a) Each grant recipient shall provide matching funds
35 from any available source in an amount equal to 35 percent of the
36 costs of the project. The remaining 65 percent of the costs of the
37 project, up to a maximum of thirty million dollars (\$30,000,000)
38 per project, shall be provided through allocations from the fund.

39 (b) Qualifying matching funds shall be cash expenditures in the
40 categories specified in Section 20026 that are made not earlier

1 than five years before the submission of the application to the State
2 Librarian. Except as otherwise provided in subdivision (c), in-kind
3 expenditures do not qualify as matching funds.

4 (c) Land donated or otherwise acquired for use as a site for the
5 facility, including, but not limited to, land purchased more than
6 five years before the submission of the application to the State
7 Librarian, may count towards the required 35 percent local fund
8 contribution at its appraised value as of the date of the application.
9 This subdivision does not apply to land acquired with funds
10 authorized pursuant to Part 68 (commencing with Section 100400),
11 Part 68.1 (commencing with Section 100600), Part 68.2
12 (commencing with Section 100800), or Part 69 (commencing with
13 Section 101000), of Division 14 of Title 3.

14 (d) Expenditures for payment of architect fees for plans and
15 drawings for library renovation and new construction, including,
16 but not limited to, plans and drawings purchased more than five
17 years before the submission of the application to the State
18 Librarian, may count towards the required 35 percent local funds
19 contribution.

20 20032. (a) The estimated costs of a project for which an
21 application is submitted shall be consistent with normal public
22 construction costs in the geographic area of the applicant.

23 (b) An applicant wishing to construct a project having costs that
24 exceed normal public construction costs in the area may apply for
25 a grant in an amount not to exceed 65 percent of the normal costs
26 up to a maximum of thirty million dollars (\$30,000,000) per project
27 if the applicant certifies that it is capable of financing the remainder
28 of the project costs from other sources.

29 20033. (a) After an application is approved by the ~~board and~~
30 ~~included in the request of the State Librarian to the committee,~~
31 *board*, the amount of the funding to be provided to the applicant
32 shall not be increased. Actual changes in project costs are the
33 responsibility of the applicant. If the amount of funding that is
34 provided is greater than the cost of the project, the applicant shall
35 return that amount of funding that exceeds the cost of the project
36 to the fund. If an applicant is awarded funding by the board, but
37 decides not to proceed with the project, the applicant shall return
38 all of the funding to the fund.

39 (b) If the State Librarian determines that a grant recipient has
40 not complied with the terms of its grant award or its grant award

1 agreement with the California State Library, the board may
2 withdraw a grant award and award the funds previously granted
3 to the recipient to other eligible applicants. The State Librarian
4 shall notify the affected grant recipient at least 90 days before a
5 board meeting where the withdrawal of a grant award will be
6 considered.

7 20034. (a) In reviewing applications, the board shall consider
8 all of the following factors:

9 (1) The needs of urban, suburban, and rural areas.

10 (2) The age and condition of existing library facilities within
11 an area.

12 (3) The degree to which existing library facilities are inadequate
13 in meeting the needs of the residents in the library service area.

14 (4) The degree to which the proposed project responds to the
15 needs of the residents in the library service area.

16 (5) The degree to which the library integrates appropriate
17 electronic technologies into the proposed project.

18 (6) The financial commitment of the local agency submitting
19 the application to open, operate, and maintain the proposed library
20 project upon its completion.

21 (b) If, after an application has been submitted, material changes
22 occur that would alter the evaluation of an application, the State
23 Librarian may accept an additional written statement from the
24 applicant for consideration by the board.

25 (c) It is the intent of the Legislature that the State Librarian and
26 the board develop an application process that is sufficiently
27 streamlined to decrease application costs and provide incentives
28 for a high number of library applicants to participate.

29 20035. (a) A facility, or a part of a facility, acquired,
30 constructed, remodeled, or rehabilitated with grants received
31 pursuant to this chapter shall be dedicated to public library direct
32 service use for a period of at least ~~20~~ 30 years following completion
33 of the project.

34 (b) The financial interest that the state may have in the land or
35 facility, or both, resulting from the funding of a project under this
36 chapter, as described in subdivision (a), may be transferred by the
37 State Librarian through an exchange for a replacement site and
38 facility acquired or constructed for the purpose of providing public
39 library direct service.

(c) If the facility, or a part of the facility, acquired, constructed, remodeled, or rehabilitated with grants received pursuant to this chapter ceases to be used for public library direct service before the expiration of the period specified in subdivision (a), the board shall be entitled to recover from the grant recipient, or the successor of the recipient, an amount that bears the same ratio to the value of the facility, or appropriate part of the value of the facility, at the time it ceased to be used for public library direct service, as the amount of the original grant bore to the original cost of the facility, or to an appropriate part of the facility. For purposes of this subdivision, the value of the facility, or appropriate part of the facility, shall be determined by the mutual agreement of the board and the grant recipient or successor, or through an action brought for that purpose in the superior court.

(d) Notwithstanding subdivision (f) of Section 16724 of the Government Code, any money recovered pursuant to subdivision (c) shall be deposited in the fund, and shall be available for the purpose of awarding grants for other projects.

Article 3. Fiscal Provisions

20036. Bonds in the total amount not to exceed ____ dollars (\$____), exclusive of refunding bonds issued in accordance with Section 20044, or so much of refunding bonds as is necessary, may be issued and sold for deposit in the fund to be used in accordance with, and for carrying out the purposes expressed in, this chapter, including all acts amendatory of this chapter and supplementary to this chapter, and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds, when sold, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal and interest on bonds as the principal and interest become due and payable.

20037. The bonds authorized by this chapter shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), and all of the provisions of that law apply to the bonds and

1 to this chapter and are hereby incorporated in this chapter as though
2 set forth in full in this chapter, except Section 16727 of the
3 Government Code to the extent that it may be inconsistent with
4 this chapter.

5 20038. (a) For purposes of this chapter, the California Library
6 Construction and Renovation Finance Committee established
7 pursuant to Section 19972 is continued in existence and is the
8 “committee” as that term is used in the State General Obligation
9 Bond Law for purposes of this chapter.

10 (b) For purposes of the State General Obligation Bond Law, the
11 California Public Library Construction and Renovation Board of
12 2016 established pursuant to Section 20023 is designated the board.

13 20039. The committee shall determine whether or not it is
14 necessary or desirable to issue bonds authorized pursuant to this
15 chapter in order to carry out the actions specified in this chapter,
16 including all acts amendatory of this chapter and supplementary
17 to this chapter, and, if so, the amount of bonds to be issued and
18 sold. Successive issues of bonds may be authorized and sold to
19 carry out those actions progressively, and it is not necessary that
20 all of the bonds authorized to be issued be sold at any one time.

21 20040. There shall be collected each year and in the same
22 manner and at the same time as other state revenue is collected,
23 in addition to the ordinary revenues of the state, a sum in an amount
24 required to pay the principal of, and interest on, the bonds each
25 year. It is the duty of all officers charged by law with any duty in
26 regard to the collection of the revenue to do and perform each and
27 every act that is necessary to collect that additional sum.

28 20041. Notwithstanding Section 13340 of the Government
29 Code, there is hereby appropriated from the General Fund in the
30 State Treasury, for purposes of this chapter, an amount that will
31 equal the total of the following:

32 (a) The sum annually necessary to pay the principal of, and
33 interest on, bonds issued and sold pursuant to this chapter, as the
34 principal and interest become due and payable.

35 (b) The sum necessary to carry out Section 20042, appropriated
36 without regard to fiscal years.

37 20042. For purposes of carrying out this chapter, the Director
38 of Finance may authorize the withdrawal from the General Fund
39 of an amount or amounts not to exceed the amount of the unsold
40 bonds that have been authorized to be sold for purposes of carrying

1 out this chapter. Amounts withdrawn shall be deposited in the
2 fund. Money made available under this section shall be returned
3 to the General Fund, with interest at the rate earned by the money
4 in the Pooled Money Investment Account during the time the
5 money was withdrawn from the General Fund pursuant to this
6 section, from money received from the sale of bonds for purposes
7 of carrying out this chapter.

8 20043. The board may request the Pooled Money Investment
9 Board to make a loan from the Pooled Money Investment Account
10 or any other approved form of interim financing, in accordance
11 with Section 16312 of the Government Code, for purposes of
12 carrying out this chapter. The amount of the request shall not
13 exceed the amount of the unsold bonds that the committee, by
14 resolution, has authorized to be sold for purposes of carrying out
15 this chapter. The board shall execute any documents required by
16 the Pooled Money Investment Board to obtain and repay the loan.
17 Any amounts loaned shall be deposited in the fund to be allocated
18 by the board in accordance with this chapter.

19 20044. Bonds issued and sold pursuant to this chapter may be
20 refunded by the issuance of refunding bonds in accordance with
21 Article 6 (commencing with Section 16780) of Chapter 4 of Part
22 3 of Division 4 of Title 2 of the Government Code. Approval by
23 the electors of the state for the issuance of bonds under this chapter
24 shall include the approval of the issuance of any bonds issued to
25 refund bonds originally issued or previously issued refunding
26 bonds.

27 20045. Notwithstanding any other provision of this chapter,
28 or of the State General Obligation Bond Law, if the Treasurer sells
29 bonds pursuant to this chapter that include a bond counsel opinion
30 to the effect that the interest on the bonds is excluded from gross
31 income for federal tax purposes, subject to designated conditions,
32 the Treasurer may maintain separate accounts for the investment
33 of bond proceeds and for the investment earnings on those
34 proceeds. The Treasurer may use or direct the use of those proceeds
35 or earnings to pay a rebate, penalty, or other payment required
36 under federal law or take any other action with respect to the
37 investment and use of those bond proceeds required or desirable
38 under federal law to maintain the tax-exempt status of those bonds
39 and to obtain any other advantage under federal law on behalf of
40 the funds of this state.

1 20046. All money deposited in the fund that is derived from
2 premium and accrued interest on bonds sold pursuant to this chapter
3 shall be reserved in the fund and shall be available for transfer to
4 the General Fund as a credit to expenditures for bond interest.

5 20047. The Legislature hereby finds and declares that,
6 inasmuch as the proceeds from the sale of bonds authorized by
7 this chapter are not “proceeds of taxes” as that term is used in
8 Article XIII B of the California Constitution, the disbursement of
9 these proceeds is not subject to the limitations imposed by that
10 article.

11 20048. Amounts deposited in the fund pursuant to this chapter
12 may be appropriated in the annual Budget Act to the State Librarian
13 for the actual amount of office, personnel, and other customary
14 and usual expenses incurred in the direct administration of grant
15 projects pursuant to this chapter, including, but not limited to,
16 expenses incurred by the State Librarian in providing technical
17 assistance to an applicant for a grant under this chapter.

18 SEC. 2. (a) Section 1 of this act shall take effect upon the
19 adoption by the voters of the California Reading and Literacy
20 Improvement and Public Library Construction and Renovation
21 Bond Act of 2016, as set forth in Section 1 of this act.

22 (b) Section 1 of this act shall be submitted to the voters at the
23 2016 statewide general election in accordance with provisions of
24 the Elections Code and the Government Code governing
25 submission of statewide measures to voters.

26 ~~SEC. 3. (a) Notwithstanding any other law, all ballots of the~~
27 ~~election shall have printed on the ballot and in a square of the~~
28 ~~ballot, the words: “California Reading and Literacy Improvement~~
29 ~~and Public Library Construction and Renovation Bond Act of~~
30 ~~2016” and in the same square under those words, the following in~~
31 ~~8-point type: “This act provides for a bond issue in an amount not~~
32 ~~to exceed a total of _____ dollars (\$_____) to provide funds for the~~
33 ~~construction and renovation of public library facilities in order to~~
34 ~~expand access to reading and literacy programs in California’s~~
35 ~~public education system and to expand access to public library~~
36 ~~services for all residents of California.” Opposite the square, there~~
37 ~~shall be left spaces in which the voters may place a cross in the~~
38 ~~manner required by law to indicate whether they vote for or against~~
39 ~~the act.~~

1 ~~(b) If the voting in the election is done by means of voting~~
2 ~~machines used pursuant to law in the manner that carries out the~~
3 ~~intent of this section, the use of the voting machines and the~~
4 ~~expression of the voters' choice by means of the voting machines~~
5 ~~are in compliance with this section.~~

6 ~~SEC. 4.~~

7 *SEC. 3.* The State Librarian shall prepare a comprehensive
8 assessment on the statewide need for the new construction,
9 renovation, and rehabilitation of public libraries, and submit a
10 report to the Governor, the Department of Finance, the Legislative
11 Analyst, and the appropriate policy and fiscal committees of the
12 Legislature on or before August 15, 2015.